THIRD INSTITUTE

FLAGSHIP — EDITION 01

EDITION 01

FOREIGN POLICY BEYOND THE FIRST TAKE

THIRD INSTITUTE
SEPTEMBER
FLAGSHIP EDITION • 01 • 2026

FLAGSHIP BRIEFING
EDITION Nº 01 · SEPTEMBER 2026
VOL. I

Contents

IN THIS ISSUE
SEVEN REGIONAL PERSPECTIVES
EDITION Nº 01

FROM THE EDITOR-IN-CHIEF

A Note to Readers

Readers,

Welcome to the inaugural issue of the *Flagship Briefing*. This publication started from a frustration with how little of the analysis reaching Western readers about the rest of the world actually comes from inside it. Too much of what circulates has already passed through institutions with their own stakes in the framing. We wanted something closer to the source: writers who have lived the politics they cover, held to a standard that asks not just what happened but why it matters strategically and how the actors involved are positioning themselves for what comes next.

That conviction runs through every piece in this issue, whatever the region. Our Sub-Saharan Africa briefing traces how migration governance has hardened into border securitisation, and counts the human cost of that hardening. Energy carries the Eurasia piece, which follows Russia, Europe, China and the Caspian states as they quietly redraw their relative standing through pipelines and export routes rather than through declarations. Elections are the subject in MENA, where the briefing asks what voting is actually doing in systems built to survive it rather than answer to it. South Asia takes up the India-China border, and how much less has actually thawed than the recent diplomacy suggests. Ageing workforces and the contest for digital skills anchor the East Asia piece, with real consequences for how Japan, South Korea and China compete over the next decade. In Southeast Asia, Indonesia's fiscal credibility is under strain from political interference in ways investors are already pricing in, and the region is watching how far the spillover reaches. Latin America closes the issue by asking why the region's weight in global food supply chains has not yet translated into the influence it should carry.

Each of the seven sections opens with a note from its regional editor, setting out the question that shaped the month, before the fuller analysis follows. Underneath the differences in subject, each piece is really asking the same thing: where power actually holds, and where it only looks like it does.

We are proud to send this first issue out into the world. It is a beginning, and we intend to earn your attention every month from here.

With regards,

Arabella Faroppa
EDITOR-IN-CHIEF

I

BRIEFING I

Sub-Saharan Africa

From Dakar to Cape Town

EDITED BY REGIONAL EDITOR — MAHDER NESIBU

TI

Fortifying Borders: The Human Costs of State Centric Migration Governance In Sub Saharan Africa

BY BAME AYANDAH THAMANE | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

Sub-Saharan Africa is undergoing a profound transformation. Steady economic growth and a youthful population sit alongside shifting geopolitics, where recent coups and emerging foreign powers are redefining security, defense, and international alliances.

At the same time, regional states are crafting diverse AI governance strategies to drive development. This tech surge is tightly linked to global competition over the region's vast rare earth minerals, which are increasingly shaping African foreign policy. Meanwhile, intra-regional migration—driven by economic ambition, climate change, and conflict—has led to rigid, state-centric policies that urgently require reassessment.

I invite you to explore this issue.

MAHDER NESIBU

Contemporary migration in Sub-Saharan Africa reveals a fundamental paradox. Governments continue to strengthen border enforcement, expand immigration detention, tighten asylum procedures, and invest in sophisticated border management institutions, yet migration persists. This raises a central analytical question about whether African states are effectively governing migration or merely governing movement. Sovereignty remains the defining principle of the international system; every state possesses the sovereign right to regulate its borders. Yet sovereignty provides the formal authority to control migration without guaranteeing effective control over migratory movements. The persistence of migration despite increasingly restrictive policies exposes a tension between the legal authority of states to govern their borders and their practical capacity to shape migration outcomes.

Across Sub-Saharan Africa, migration has undergone securitisation as political issues are framed as existential security threats requiring enforcement rather than being understood as the outcome of armed conflict, environmental change, governance failures or uneven development. Migration is increasingly governed through the institutions, language, and practices of national security. As a result, migration itself becomes the object of security rather than the conditions producing it.

This shift is evident across the continent. South Africa's Border Management Authority Act, 2020 established a dedicated border security institution to strengthen territorial control, while the Immigration Act 13 of 2002 and the 2024 White Paper on Citizenship, Immigration and Refugee Protection signal an increasingly enforcement-oriented migration regime built on the claim that the asylum system has become vulnerable to abuse.

Botswana has continued to prioritise immigration detention, regular deportations of undocumented migrants, predominantly Zimbabweans, and restrictive refugee governance centred on Dukwi Refugee Camp. In Kenya, repeated attempts to close Dadaab Refugee Complex, together with Operation Usalama Watch, framed Somali refugees through a counterterrorism lens, transforming displacement into a national security concern. In West Africa, Niger's Law No. 2015-36, adopted within broader European Union efforts to curb irregular migration, criminalised migrant transport through Agadez, historically one of Africa's principal migration corridors, until the law was repealed following the November 2023 military takeover, with the new government framing it as incompatible with Niger's sovereignty and national interests. Despite their different political contexts, these policies share a common analytical assumption, that migration is primarily a problem of territorial control.

Implicit within this approach is the belief that migrants constitute a security threat, that stronger borders produce greater security and that restricting entry will reduce migration. These assumptions become considerably less convincing when examined against the political realities producing migration across the continent.

Migration across Sub-Saharan Africa rarely originates at the border. The insurgency in Mozambique’s Cabo Delgado has displaced more than one million people fleeing armed violence rather than seeking economic opportunity, while conflict in Sudan has forced millions across borders into Chad, South Sudan and the Central African Republic, and persistent violence in the Democratic Republic of Congo, driven by armed groups and competition over strategic minerals, continues to uproot populations despite decades of humanitarian intervention.

“

Policies directed almost exclusively at borders therefore intervene at the endpoint of migration rather than at its origins, and increasingly restrictive policies often produce unintended consequences

Climate change produces similar pressure independently of immigration policy. The Intergovernmental Panel on Climate Change has documented severe droughts devastating pastoral livelihoods across Ethiopia, Somalia and northern Kenya, while Cyclones Idai and Freddy displaced hundreds of thousands across Mozambique, Malawi and Madagascar. Economic disparity compounds these pressures further. Zimbabwean migration into Botswana and South Africa reflects prolonged economic instability rather than failures of border enforcement, and labour migration within the Economic Community of West African States persists because free movement exists alongside profound inequalities in employment across member states. In each case, migration represents a response to conditions that immigration policy did not create and cannot resolve.

The limitation of state-centric migration governance is therefore not that it prioritises sovereignty, which remains an indispensable organising principle of international politics. It lies instead in the assumption that regulating movement is equivalent to governing migration. Movement can be managed through immigration law, border agencies and deportation procedures. Migration is produced through conflict, environmental stress, demographic pressures and uneven development. Policies directed almost exclusively at borders therefore intervene at the endpoint of migration rather than at its origins, and restrictive policies often produce unintended consequences. Niger's criminalisation of migrant transport did not eliminate migration, it redirected established routes into more remote areas of the Sahara, increasing migrants' dependence on smuggling networks and exposing them to greater risk.

“

Regulating movement is not equivalent to governing migration. Migration adapts while its underlying drivers remain unchanged.

South Africa's securitised border governance has not eliminated irregular migration because the regional political economy producing it remains intact. Botswana's deportation regime has not halted economically driven migration from Zimbabwe, and Kenya's repeated attempts to restrict Dadaab have not resolved displacement from Somalia because instability within Somalia persists. Migration adapts while its underlying drivers remain unchanged.

This does not mean African states should abandon border management or compromise sovereignty. It raises a more fundamental question about the object of migration governance itself.

If armed conflict in the Democratic Republic of Congo, insurgency in northern Mozambique, drought across the Horn of Africa, and persistent economic disparity continue to generate mobility irrespective of increasingly restrictive border regimes, then migration governance cannot be evaluated solely by its capacity to police borders. It must also be assessed by whether it engages with the conditions that compel movement. Until that distinction is recognised, Sub-Saharan Africa is likely to continue governing migration at its point of arrival while neglecting the realities from which it originates.

II

BRIEFING 2

Latin America

From the Amazon to the Andes

EDITED BY REGIONAL EDITOR — ALEXANDRA PUERTAS

TI

Can Food Be Power? Latin America's Strategic Role in Global Food Security

BY ERILEIDYS GARRIDO DÍAZ | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

Every few months, any shock that puts in danger the global supply of commodities, reminds the world that Latin America matters way more than its narrated geoeconomic relevance. Whether supplying critical minerals, food, or energy, the region sits at the core of major global tensions not as a passive bystander, but as the quiet foundation supporting everyone else's strategy.

A persistent structural asymmetry remains: external powers routinely integrate these vast resources into their own goals before local states can build self-directed leverage. Being indispensable has simply not translated into genuine geopolitical power. The central question is no longer whether the region matters, but who gets to exercise control over its significance.

ALEXANDRA PUERTAS

Being essential to a system is not the same as having the power to actually shape it. That distinction is the central paradox that Latin America continues to encounter. A region whose resources have become highly strategic to global food security, does not set the terms in the same markets their exports sustain.

When discussions turn to geopolitical power, the conversation usually revolves around military capabilities, technological innovation, or access to energy resources. Food rarely enters the debate. Yet recent global crises have revealed a different reality: as climate change intensifies, supply chains face repeated disruptions, and conflicts reshape international trade, the ability to produce and export food has become an increasingly strategic asset, and Latin America occupies a unique, and often overlooked, position within it.

The region is one of the world's most important agricultural exporters. Coffee from Brazil and Colombia fuels cafés across every continent. Ecuador is the world's leading banana exporter, accounting for roughly a quarter of global banana export value. Mexico dominates the international avocado market, while Brazil and Argentina are major suppliers of soybeans to global markets and Peru continues its global lead in agro-exports. According to the Inter-American Development Bank, Latin America and the Caribbean account for 14% of the value of global agricultural and fisheries production and around 18% of global agrifood exports, making the region the world's largest net food-exporting region (IDB, 2024).

These figures point to a broader transformation in international politics. The COVID-19 pandemic exposed the fragility of global supply chains, while Russia's invasion of Ukraine demonstrated how disruptions in agricultural exports can affect food prices across continents.

At the same time, droughts, extreme weather events, and water scarcity are putting additional pressure on agricultural systems. Under these conditions, the capacity to provide reliable food supplies is increasingly connected to economic resilience and national security, an area where Latin America's comparative advantages are difficult to ignore.

Whether this advantage translates into influence already has opposing answers. In November 2024, Brazil used its G20 presidency to launch the Global Alliance Against Hunger and Poverty, securing endorsements from 148 members in an attempt to convert food-policy weight into diplomatic convening power (UNSDG, 2024). Yet, the reverse narrative is just as telling: China now buys 71% of Brazil's soybean exports (Times, 2026), a concentration deepened by the U.S.-China trade dispute. The same logic applies, but in the opposite direction. Being indispensable to a buyer's food security isn't the same as holding leverage over that buyer, and it leaves Brazil's soy exposed to a purchasing decision made entirely in Beijing.

Strategic importance does not automatically translate into geopolitical influence, and the paradox becomes clearer still when looking at what happens after Latin America's commodities leave the farm. Consider Colombian coffee. Colombia's producers cultivate and process the beans, but most coffee is exported as green coffee, and subsequently enters supply chains where roasting, branding, distribution, and retail are controlled largely by companies based in consuming economies. This pattern continues to be persistent with producing countries retaining less than 10% of the roughly $200 billion in annual value the coffee sector generates. Value distribution puts producers' share at just 5% against 32% for importers, and 45% for roasters and retailers, despite producers making up 89% of the people working in the chain (Samoggia & Fantini, 2023). The Economic Commission for Latin America and the Caribbean (ECLAC) identifies this broader challenge across the region: the soybean and coffee chains illustrate the tension between remaining specialized in commodities and moving into higher-value activities such as processing and services (Aedo et al., 2023).

> *The question is no longer who leads the hemisphere, but whether the hemisphere still behaves as one.*

This distinction, between supplying a system and shaping it, runs through all three cases. Latin America can supply the raw materials on which global food markets depend while still having limited control over the standards, technologies, brands, logistics, and consumer markets that determine how much value those products ultimately generate. Its agricultural strength therefore presents both an opportunity and a constraint: the region possesses resources that are becoming strategically important, but much of the economic and decision-making power surrounding those resources remains elsewhere.

The question, then, is not simply whether Latin America can feed the world. Its ability to do so is already demonstrated by the scale of its agricultural exports. The more consequential problem is whether the region can convert that dependence into greater influence by investing in processing, technology, innovation, and regional coordination, and by moving further up the global food value chain. Put differently, it is whether feeding the world can become a source of power in an increasingly interconnected international system, or whether it remains a form of leverage the region supplies but does not itself control.

III

BRIEFING 3

MENA

From Algiers to Muscat

EDITED BY REGIONAL EDITOR — SABA DARABI

TI

"Electoral Integrity": A Measure of Democratic Health, or a Tool for Managing Its Absence?

BY NADIA ABDEL-HAMID EL DAKROURY | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

I am privileged to introduce our Flagship piece for Edition 1, which explores recent elections in Algeria alongside upcoming polls in Morocco to examine how authoritarian systems legitimize themselves.

In July, Algeria recorded its lowest turnout in history—21% at home and under 11% abroad—yet state media still framed the result around "integrity and transparency." As Morocco votes this September, it remains to be seen if that same narrative will be deployed. Our contributor Nadia highlights the core mechanism at play: while procedural benchmarks like peaceful, fraud-free voting may be met, meaningful competition, opposition, and public trust continue to erode. Citing LeDuc and Goodin, the piece compellingly demonstrates that a clean vote count does not equate to a healthy democracy.

SABA DARABI

"Our elections are free and fair": this is how official media discourse in several Middle Eastern states describes recent parliamentary elections, in an attempt to avoid opening Pandora's box and revealing the fragility of democratic conditions and the marked decline in political participation. This raises a deeper question about what meeting such standards actually means for the health of democracy in a region where 67% of the population lives under "electoral autocracies" that permit only partial competition for power.

Algeria's official media offers the clearest case. It framed July 2 parliamentary election as having met standards of integrity and transparency, placing the blame for "the lowest turnout in the country's history" since 1991, 21.24% inside the country, and just 10.75% among Algerians abroad — on political parties themselves, which it portrayed as having failed to mobilize voters. However, controversy erupted over the exclusion of opposition figures, and legislation penalizing electoral boycotts by political parties.

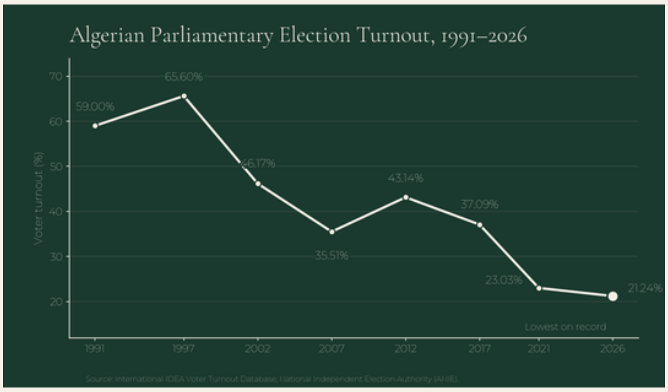
> *Authoritarian systems can score well on administrative measures of electoral integrity even as those scores run inversely to the actual state of political rights on the ground.*

This case invites reconsideration of what electoral integrity standards actually accomplish when applied administratively, ensuring, for instance, that voting day passed without violence or voter-roll fraud and met other procedural benchmarks that Lawrence LeDuc, in his book *Comparing Democracies*, distinguishes sharply from liberal-democratic standards.

Elections, in this reading, become a tool that can serve authoritarian systems just as easily as democratic ones: once genuine channels of competition are closed off before the ballot boxes even open, talk of “integrity on voting day” becomes a matter of form rather than substance. What matters instead, LeDuc argues, is the erosion of public trust in elected institutions, which is a more meaningful measure of legitimacy than the technical or administrative benchmarks of election day itself. Authoritarian systems can score well on administrative measures of electoral integrity even as those scores run inversely to the actual state of political rights on the ground.

Algeria illustrates this gap; Freedom House's most recent report classifies the country as "Not Free," citing a political system dominated by a closed elite rooted in the military establishment and the ruling National Liberation Front. Despite the presence of multiple opposition parties within parliament, the report documents elections still marked by a lack of transparency, alongside the suppression of protest, legal restrictions on media freedom, and widespread corruption. These assessments are useful indicators of Algeria’s democratic condition, but they also point to the limits of treating procedural standards as a sufficient measure of democratic health.

The 2019 popular uprising (the Hirak) pushed the Algerian regime toward limited reform steps, but the crackdowns that followed prevented broad-based popular mobilization from resuming, driving the country, home to 44 million people, to its lowest levels of representation, rule of law, and participation since 2019, according to the 2025 Global State of Democracy index.



Seen in this light, Algeria’s unprecedented decline in political participation can be read as an instance of what Robert Goodin, in Innovating Democracy, calls “minimalist democracy”, a model that asks nothing more of citizens than casting a ballot occasionally, if they wish, with no expectation that they stay informed, engage in public debate, or take an active part in political life.

This exposes the disconnect between the language of electoral integrity and the exclusionary, repressive reality facing the opposition and citizens’ political and civil rights, including their ability to deliberate and speak freely within a public sphere constrained by the suppression of media freedoms. Reliance on procedural, voting-day benchmarks alone can therefore shore up systems whose legitimacy is eroding among their popular base.

More broadly, Algeria’s July 2 parliamentary election offers a preview of the shape official discourse is likely to take in upcoming elections across the region, as with Morocco's upcoming election on September 23 to elect its House of Representatives: will it repeat the language of achieving electoral integrity, regardless of potentially low turnout? Should that scenario materialize, the region would then be facing a pattern of rewriting political legitimacy for these regimes in terms that bypass the fulfillment of liberal-democratic conditions. In this sense, electoral integrity risks becoming a mechanism through which its absence can be managed and presented as legitimate.

IV

BRIEFING 4

South Asia

From the Himalayas to the Indian Ocean

EDITED BY REGIONAL EDITOR — TORSHA DASGUPTA

An Expired Band-aid Furthers Infection: Mending India-China Relations in 2026

BY RAGHAV GHEI | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

South Asia is entering a period of geopolitical recalibration, driven by shifting major-power dynamics, rising Indian Ocean competition, and domestic pressures.

Rather than aligning with fixed power blocs, states across the region are leveraging overlapping economic, security, and diplomatic partnerships to secure greater strategic flexibility and agency. As existing alliances are reassessed and new ones cultivated, South Asia is transforming from a passive arena for great-power rivalries into an active participant shaping the regional order. This edition examines these developments and what they signal for the region's place in an increasingly contested world.

TORSHA DASGUPTA

Recent developments in India-China relations appear to promise a new beginning. The accelerated pace of interactions at all levels - leadership, political, ministerial, bureaucratic and institutional - are aimed at breaking out of the cycle of mutual animosity. The post Galwan recalibration, it has been argued, stems from two main considerations. The first is geo-economic, namely that bilateral economic investments will moderate politico-strategic behaviour. The Indian government's decision to resume people exchanges and ease capital inflows aim to create economic dependencies, thus raising the cost of military confrontation. The second is geopolitical, namely that India-China relations are located within an unordered world order. The recent disengagement is thus explained as an attempt to secure latitude, especially when the chief architect of the world order has turned predatory. In short, many see a glimpse of a reimagined relationship.

On closer interrogation, this thaw is a tactical stabilization rather than a strategic evolution. The piece argues that without a political accommodation on the wider relationship, both sides will be unable to shed the long shadow of adversarial coexistence. On their own, economic and geopolitical incentives for proximity cannot overturn decades of structural stress in various competitive arenas: territory, material capabilities and irreconcilable diplomatic visions. A mutually amicable territorial solution will thus not only solve a historical irritant, but restore the relationship that evaporated post Galwan. Thus, the relationship's nature, trajectory or characteristics will not alter without concrete deliverables.

India-China relations, apart from being highly consequential, suffer from a unique duality: India simultaneously engages with two Chinas. The first is as India's principal strategic adversary, a diplomatic challenge and a military threat. The second is as an economic opportunity in the form of India's largest trading partner.

This means that 'armed coexistence' - a phrase coined by Chairman Mao - has simultaneous cooperation and conflict built into how both sides interact with each other. The most visible aspect of bilateral quarrel, territory, is both a product and a symptom of the political divide. Yet, both sides have learned how to manage the fallout of their territorial dispute through institutional guardrails, frequent invocations of the prospect of tranquil borders and numerous political agreements. The reason Galwan 2020 represented a watershed moment in the relationship was not only the fatalities, but the collapse of this institutional architecture.

The relationship is further complicated by multiple areas of competition that produce visible friction. The reluctance to solve a territorial issue, despite gaining mutual goodwill and tranquil frontiers, is twofold. First, the act of demarcating territorial entitlements is itself political, thereby opening to scrutiny ideas of national legitimacy and state sovereignty.

The era of a broken friendship (1954-1962) saw both sides historicize inheritances, accuse the other of perfidy, and worry about the future credibility of present commitments. The territorial conflict is further reinforced by the significant power asymmetry in China's favor. Thus, India's notion of sovereign equality is incompatible with China's diagnosis that power asymmetries are the root cause of the ailment. Furthermore, China's tendency to view Indian actions through a US lens clouds its perception of India's sovereign choices.

Amid possible leadership-level meetings between President Xi and PM Modi, the relationship seems to be doing more of the same. Vocabulary like "early and substantial harvest", "dragon elephant tango" and China's willingness to put the border in its "appropriate place" is not forward momentum. It rather aims to cement the incremental recovery post Galwan by settling the less contentious areas of the border, something attempted in the early 2000s as well.

"The border thus continues to remain the temperature gauge that determines the health of the relationship, without which normalcy is an illusion that shatters with the next border skirmish.

Moreover, such lexicon suits Beijing, for it reeks of agenda-setting power, reserving the right to escalate how and when it pleases on the border. The border thus continues to remain the temperature guage that determines the health of the relationship, without which normalcy is an illusion that shatters with the next border skirmish. Despite professions of stable borders, India's recent cartographic updation of areas in Arunachal Pradesh drew widespread ire from China. This has led one scholar describing China's approach to India as "strategic breadcrumbing" wherein China gives India just enough to remain invested, but not enough to solve core issues.

President Xi and PM Modi thus face a road with forking paths. The first is an untravelled and unpaved road that attempts a grand political settlement. The second is an established road that restores the setup of a managed rivalry. If history is a reliable guide, the choice is obvious.

BRIEFING 5

East Asia

From Tokyo to Shanghai

EDITED BY REGIONAL EDITOR — AXELL CAHYADI

East Asia's Aging Labor Force Dilemma: How Rising Retirement Ages Pose a Quiet Threat to Its Technological Leadership

BY LAAVANNYA SRI GANESH | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

East Asia leads the world in AI, automation, and digital innovation, yet Japan, South Korea, and China face a steep demographic hurdle. As birthrates plunge and pension pressures grow, governments are enacting reforms to extend working lives—a strategy that collides directly with digital economies reliant on adaptable workforces.

Recent data underscores this tension: South Korea's employed population aged 55 to 79 recently topped 10 million, while analyses of China's retirement reforms show their success hinges on the uneven adoption of AI. This sets up a defining regional dilemma: can East Asia sustain its technological leadership while relying on an aging labor force, and can these nations bridge the gap between extended working lives and the digital skills needed for future competitiveness?

AXELL CAHYADI

Japan, South Korea, and China have built much of their global standing on technological strength, supported by substantial research investment, advanced semiconductor industries, and ambitious national digital strategies. Yet as these countries push artificial intelligence and digital transformation to strategic and urgent priorities, they are simultaneously extending working lives to address rapidly aging populations. This creates a growing policy tension. The workers being asked to remain economically active for longer are often those least prepared for the technology-intensive economy their governments are seeking to build. Unless reskilling programs are directly integrated into retirement policy, extending working lives risks weakening the technological leadership that East Asia has spent decades establishing.

East Asia sits at the center of global technology, and its governments have staked national strategy on that position. South Korea alone spends about 5% of its GDP on research and development, the highest rate among G20 nations. Its total exports passed $700 billion for the first time in 2025, reaching a record $709.7 billion, with semiconductors accounting for 24.4% of that total, worth $173.4 billion, across the full year and climbing to 28.3% of exports in November alone, up sharply from about 10% in the 2000s. China's rise is even more dramatic. Its share of global R&D spending grew from 4% in 2000 to 27.4% in 2024, making it, on a *purchasing-power-parity basis*, the world's largest R&D spender for the first time in 2024, at an estimated $785.9 billion, narrowly ahead of the United States' $781.8 billion. While Japan calls its national vision "Society 5.0," a plan to embed digital systems across daily life, its government treats responding to AI transformation as an urgent national task across every industry, as outlined in the Cabinet Secretariat's digital administrative reform report. This ambition depends, ultimately, on a labor force capable of keeping pace with it.

Amidst their race ahead in technological development, these countries are simultaneously extending working lives to address aging populations, which should be fully assessed whether their aging labor forces possess the digital competencies and occupational adaptability required by the emerging standards. Japan's 2021 amendment to the Act on Stabilization of Employment of Elderly Persons asks employers to make a best effort, though not mandatory, to keep staff until age 70. South Korea's government has committed to legislation raising the statutory retirement age to 65, while the national pension's eligibility age currently stands at 63 and is scheduled to rise gradually to 65 by 2033. China's State Council introduced a mandatory gradual increase raising men's retirement age from 60 to 63 by 2040. These policies appear rational in principle. In practice, however, aging populations should not be framed primarily as a labor supply constraint while overlooking the critical question of whether extended working populations possess the skills and competencies required by an increasingly technology-driven economy.

The core friction lies in the disconnect between extended working lives and labor force readiness for the AI economy these governments seek to sustain. In Japan, only about 25% of AI users aged 50 and over receive employer-provided training, compared with 37% of workers under 35. This gap persists despite roughly 80% of people in their 60s now using smartphones, suggesting that willingness to adopt digital technology is not necessarily the primary constraint.

South Korea shows the same pattern. The OECD finds that older and lower-skilled Korean workers are less likely to possess the basic digital competencies required in an AI-driven workplace. By May 2026, employed South Koreans aged 55 to 79 had surpassed 10 million, indicating that labor force extension is occurring on a scale that makes labor force reskilling increasingly consequential. China faces a more immediate constraint at the firm level. A shortage of 2.5 million AI-skilled technicians already constrains the capacity of smaller firms to participate in the country's AI expansion. Across the three economies, the challenge is therefore not simply whether older workers remain economically active, but whether their continued participation is matched by sufficient investment in digital skills, reskilling, and occupational adaptation.

This policy gap threatens to cause friction in East Asia's technological competitiveness in two ways. First, retaining older workers without adequate reskilling does not resolve the structural skills gap. It merely postpones the adjustment that governments will eventually have to confront. Second, extending working lives may restrict opportunities for younger, AI-fluent workers and intensify youth employment pressures at a time when digitally skilled talent is becoming increasingly critical. Together, these dynamics create a labor force that may appear resilient while gradually losing ground to the pace of technological development.

“

Unless reskilling programs are directly integrated into retirement policy, extending working lives risks weakening the technological leadership that East Asia has spent decades establishing.

East Asia should not treat retirement policy and technological policy as separate policy dimensions. If Japan, South Korea, and China seek to maintain their positions at the forefront of global technology, exports, research, and innovation, they must integrate labor force reskilling into retirement legislation as a core policy requirement rather than an afterthought.

Any further extension of working lives should be accompanied by enforceable mechanisms for digital training, skills development, and occupational transition. Without such integration, prolonging labor force participation will not resolve the underlying demographic pressures. Instead, it risks postponing structural adjustment while gradually weakening the technological competitiveness these economies have spent decades building.

VI

BRIEFING 6

Eurasia

From the Caspian Sea to the Black Sea

EDITED BY REGIONAL EDITOR — MAXIM KMITS

TI

A New Energy Map: How Global Routes Are Reshaping Power

BY YUSUF AYDIN | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

This edition's flagship piece poses the right question for the current moment: not whether fossil fuels are fading, but how competition over their transit routes is reshaping Eurasian geopolitics. As Western sanctions push Russia to redirect energy exports east, Azerbaijan and Kazakhstan are attracting intense interest from Europe, China, and the Gulf, turning the once-overlooked Middle Corridor into a strategic priority.

This edition explores how states along this transit chain are actively managing great power competition through hedging, diversification, and pre-positioning—a defining Eurasian narrative that Western audiences are only just beginning to understand.

MAXIM KMITS

Fossil fuels will continue to play a central role in international politics for many years, even as the global transition to renewable energy accelerates. The key question for Eurasia is not whether oil and other fossil fuels will disappear, but how the geography of energy power will change. Recent geopolitical crises have reinforced the importance of energy security, demonstrating that access to reliable fossil fuel supplies remains the main goal of political actors. According to the International Energy Agency (IEA), global oil demand is projected to increase by 5% by 2035 and 14% by 2050. The Agency also expects that most of this growth will come from emerging and developing economies, particularly China, India, and other countries in East Asia. Based on the *World Energy Outlook 2025 Current Policies Scenario*, India is expected to become the largest contributor to global oil demand growth by 2035, with nearly one out of every two additional barrels of oil consumed worldwide being used in India. As fossil fuels remain essential for the economic development of emerging markets, states will continue to prioritize securing stable and uninterrupted energy supplies. The Russo-Ukrainian War and recurring tensions in the Middle East demonstrate that energy security has once again become a central concern of international politics.

The Russian invasion of Ukraine in 2022 fundamentally reshaped Europe's approach to energy. Before the war, the European Union relied heavily on Russian fossil fuels, particularly natural gas, making its energy system vulnerable to political coercion. As sanctions were imposed and Russian exports declined, European governments were forced to diversify suppliers, expand liquefied natural gas (LNG) imports, and accelerate investments in energy infrastructure. According to the International Energy Agency (IEA), the crisis marked one of the most significant shifts in global energy markets in recent decades and elevated energy security to the top of national policy agendas.

Based on the data from IEA the share of European Union gas demand met by Russian supply decreased from 39% to 12%. The war revealed that the EU now treats energy security as a strategic issue rather than solely an economic one. Growing uncertainty over the future of NATO has further reinforced the EU's efforts to strengthen its strategic autonomy through energy diversification. Europe's efforts to reduce its dependence on Russia have consequently increased the importance of alternative energy suppliers in the Eurasian region.

At the same time, the changing energy landscape has increased the importance of countries located between Russia, Europe, and Asia. Azerbaijan is a particularly important example. As Azerbaijan has been leveraging the Southern Gas Corridor to reduce dependence on Russia as a transit route and to diversify its own partnerships. According to Azerbaijan's Ministry of Energy, Azerbaijan and SOCAR supplied 12.5 billion cubic metres of natural gas to EU member states in 2025, an increase of 53.8% compared with 2021. As Europe continues to diversify its energy supplies, Azerbaijan can become an important energy partner.

> *For these states, the strategic priority is not which partner to choose, but how to avoid dependence on any single one.*

These developments suggest that the future of Eurasian energy politics will be shaped increasingly by competition over routes as well as resources. Russia is attempting to redirect its energy exports toward China and other Asian markets, while European countries are seeking alternative suppliers and transportation corridors. Hydrocarbon exporters such as Azerbaijan and Kazakhstan are well placed to strengthen their positions as Caspian connectors, contributing to greater political integration and the development of new alliances and partnerships. For these states, the strategic priority is not which partner to choose, but how to avoid dependence on any single one.

In the coming years, Europe is likely to continue strengthening its energy partnerships with Azerbaijan and Central Asian states while reducing its dependence on Russia. Russia, in turn, will have stronger incentives to deepen its energy relations with China and other Asian economies. At the same time, the security of pipelines, ports, and transportation corridors will become more important as states seek to protect their access to international energy markets. The energy transition will therefore coexist with continued competition over fossil fuels and strategic infrastructure. Fossil fuels may become less dominant in the global energy mix, but its ability to shape alliances, trade routes, and geopolitical relations in Eurasia is unlikely to disappear anytime soon.

VII

BRIEFING 7

Southeast Asia

From Jakarta to Hanoi

EDITED BY REGIONAL EDITOR — KATIA KONOPELKO

TI

Indonesia as an economic lynchpin; for better or for worse?

BY JAEDEN TEE | REGIONAL CONTRIBUTOR

NOTE FROM OUR REGIONAL EDITOR

Southeast Asia's political and economic landscape is increasingly vulnerable to environmental shocks and financial instability, with regional crises creating ripple effects worldwide. As sovereignty and domestic stability remain top priorities, events ranging from the war in Myanmar to Singapore's centralization of power—alongside expanding state surveillance—have heightened political engagement and sparked public criticism.

The essay "Indonesia as an economic lynchpin; for better or for worse?" examines these volatile dynamics across the broader region. Ultimately, Southeast Asia's resilience will depend on strong internal partnerships, regional empowerment, and an active younger generation driving cross-cultural engagement.

KATIA KONOPELKO

Indonesia's bonds, currency, and stocks have slid significantly throughout June 2026 (Bloomberg), despite the country recording a significant 5.61% growth figure in Q1 of this year (BPS-Statistics Indonesia). This raises a key question – why has Indonesia's currency fallen so dramatically, despite significant economic growth?

For the past decade, Indonesia grew impressively and earned a reputation for fiscal discipline, with small budget deficits and public debt consistently below 40% of GDP. In 2026, President Prabowo's costly programmes collided with a 3% deficit ceiling, which had previously reassured investors Indonesia would not fall into the same crisis patterns seen in 1997-98.
This is heightened by an energy-price shock from the war in Iran, raising the cost of government fuel subsidies. At $90 per barrel, this is significantly higher than the government's initial projections and pressures the Indonesian Finance Ministry which projected a deficit of 3.6%, well above the legal limit of 3% (Reuters, Bloomberg, Business Times).

Rather than cut subsidies or trim spending, Prabowo's government has instead chosen to double-down.

Previous BI Deputy Governor Perry Warjiyo resigned with two years remaining, citing "personal reasons", then replaced by Destru Damayanti (Bloomberg). Legislation passed on June 4 to trigger growth included removal mechanisms for other leaders who do not support or align with the shifting political and economic landscape (Reuters). Thomas Djiwandono, Prabowo's nephew, has held a position as deputy governor since February and many view his appointment with fear (CSIS). Economists worry that BI is becoming an extension of Prabowo's own economic reforms, rather than functioning as an independent central bank.

Subsequently, this level of political interference and economic instability in Indonesia triggered a sell-off in the Rupiah, which is down 8% (Bloomberg).

There is also doubt among domestic Indonesian economists as to whether Indonesia's GDP growth numbers are real – after all, a higher GDP number raises possible government spending, and Indonesia has recorded consistently high economic growth despite being a commodity-based exporter.

Leading economists point out that, "if the electricity supply contracted, such manufacturing growth is difficult to justify on physical grounds," referring to the 1% decline in power activity compared to a 5% jump in manufacturing. "Logically, both cannot be correct." The counter estimate of 4.6% to 4.9% is a "more realistic" headline GDP figure, as opposed to 5.61% (Bloomberg).

Though these claims have been pushed back on by the Government Communications Agency (GCA), such allegations and scepticism among economists reflects the declining confidence in Indonesia's government.

Many wonder whether the economy is actually experiencing such high growth numbers under Prabowo's government at all, or if the actual number is much lower.

Much of Indonesia's turmoil is self-inflicted, caused by a crisis of policy credibility rather than a weak foundation. The fundamentals behind Indonesia's growth over the past decades are still present; the nation possesses a large, productive work force, produces many global commodities such as palm oil and rubber, and a growing service sector.

However, by dodging a hard choice, Prabowo is eroding the institutions supporting Indonesia's stability, which risks economic backsliding that stands to jeopardize Indonesia's hard-won credibility amongst investors.

"

Yet, without investor confidence in the ability of Southeast Asian governments to uphold the fiscal rules set by their own institutions, the confidence needed for future growth may be limited.

The deeper lesson is institutional. Like Indonesia, other regional partners possess the necessary economic fundamentals needed to drive growth, including a young and educated population and significant quantities of natural resources. Yet, without investor confidence in the ability of Southeast Asian governments to uphold the fiscal rules set by their own institutions, the confidence needed for future growth may be limited.

There are hard spillovers from Indonesia's economic woes as the sharp depreciation of the Indonesia Rupiah may have knock-on effects on local currencies, mirroring the start of the 1997-98 crisis. The region is not monolithic, and disciplined economies like Singapore and Vietnam may even draw fleeing capital for their own benefit in similar periods of instability.

However, the binding force in the region is confidence amongst international investors, and credibility is hard for the region to win back. Hence, Indonesia's actions here are important; both as a lesson for the rest of Southeast Asia, and because of Indonesia's own economic importance to the region as a whole.

Additional Citations List:

Bloomburg
BPS
Business Times
NST
Indonesia's Surprisingly Good GDP
East Asia Forum